Seeds, Russel M.

Sound currency

[Indianapolis?]

1898

97-84238-25
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

Seeds, Russel M

Sound currency; a popular study of money [by Russel M. Seeds] ... pub. by the Indiana state league of republican clubs. [Indianapolis?] 1898.

24 p. 21½ cm.

Caption title.

Volume of pamphlets.

34680

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 11-10-97 INITIALS: AP

TRACKING # : 29670

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Ben. P. Alford Jr. Anderson, Ind.

No 2

SOUND CURRENCY

500,000 printed.

A POPULAR STUDY OF MONEY

"Let us have faith that right makes might, and in that faith, let us, to the end, dare to do our duty as we understand it." LINCOLN.

PUBLISHED BY THE
INDIANA STATE LEAGUE OF REPUBLICAN CLUBS.
1898.

INDIANA STATE LEAGUE OF REPUBLICAN CLUBS.

President .... F. E. HOLLOWAY .... Anderson.
Vice-President .... J. W. EGNEW .... Lagro.
Secretary .... W. W. HUFFMAN .... Anderson.
Treasurer .... A. W. BRUNER .... Paoli.

EXECUTIVE COMMITTEE.

J. W. THOMPSON, Winchester.
A. M. HIGGINS, Terre Haute.
C. W. MCGUIRE, New Albany.
W. J. VESEY, Ft. Wayne.
A. J. CLARK, Evansville.
L. G. ROTHSCHILD, Indianapolis.
P. Q. DOREN, Laporte.

ADVISORY COMMITTEE.

J. G. MASON, Evansville.
G. P. HAYWOOD, Lafayette.
G. F. MCCULLOCH, Muncie.
R. M. SEEDS, Indianapolis.
A. M. BAIN, Martinsville.
C. E. SHIVELY, Richmond.
A. F. KNOTTS, Hammond.
W. H. WATSON, Charleston.
G. MITCHENER, Valparaiso.
N. G. WORTHINGTON, Evansville.
E. E. NEAL, Noblesville.
J. R. BONNELL, Crawfordsville.
J. WATTS, Marion.
T. C. KENNEDY, Shelbyville.

DISTRICT MANAGERS.

First District .... W. C. ZARING, Evansville.
Second District .... J. McD. HUFF, Washington.
Third District .... J. D. POUTCH, New Albany.
Fourth District .... W. S. MATTHEWS, North Vernon.
Fifth District .... G. W. KRIETENSTEIN, Terre Haute.
Sixth District .... C. H. TINDALL, Shelbyville.
Seventh District .... A. W. MOORE, Indianapolis.
Eighth District .... A. E. NEEDHAM, Muncie.
Ninth District .... J. N. WAUGH, Tipton.
Tenth District .... D. E. STORMS, Lafayette.
Eleventh Eistrict .... J. W. O'HARA, Peru,
Twelfth District .... H. W. L. TEN BROECK, Ft. Wayne.
Thirteenth District .... G. A. KURTZ, South Bend.

PREFACE.

At a meeting of the Executive and Advisory Committees and District Managers held in Indianapolis, Wednesday, February 23, 1898, the President of the League submitted a plan of work for the clubs during the coming year, which, after a full and free discussion, was adopted. At that meeting the President was directed to have a treatise on the money question prepared, to be used as a handbook in the clubs. This he has done, and the plain, simple manual on sound currency contained in the following pages was written for the League by Russel M. Seeds, ex-Secretary of the Republican State Committee. In this pamphlet this question, usually regarded as complex, is put so simply that no man can have any difficulty in thoroughly understanding it.

Attention is invited to the following plan of work submitted by the President and adopted by the League with the expectation that each club will follow it so far as local conditions will permit:

"In the plan I have the honor to submit this evening I have had the assistance and co-operation of not only your worthy State Secretary, but of a number of other members and well wishers of the League. I solicit for this plan your earnest consideration and will urge, after such changse are made which your wisdom may suggest, that it be adopted and carried out.

THE PLAN.

"A course of study should be mapped out for club work on the following subjects:

"1. A sound currency, with gold as the standard of value.

"2. The economic value of a revenue system which embodies the idea of developing and protecting American industries.

"3. The Supreme Court of the United States.

"4. Great public men of America who have illustrated in their public lives the fundamental doctrines now embraced by the Republican party—such as Washington, Hamilton, Chief Justice Marshall, Webster, Clay, Lincoln, Seward, Morton, Grant, Chase, Blaine and one living statesman, John Sherman.

"In carrying out this plan of work it is suggested:

"1. That there be a different chairman selected in advance by a committee of the club to preside at each meeting of the club.

"This is for the double purpose of passing around the honors and giving club members special experience in parliamentary procedure.

"2. That there be prepared and specially adapted for club study a special work—a special treatise—but comprehensive enough to embrace the whole subject, on sound money, with gold as the standard, so divided and arranged that a chapter treating upon some branch of the subject will consume that portion of the evening's programme allotted to a discussion of the financial question; these chapters, of course, to be taken up and studied consecutively and in logical order.

"3. That there be similarly prepared and adapted treatises upon the other lines of study heretofore mentioned.

"Following is an illustration of a club programme:

"1. Calling the meeting to order.

"2. Calling the roll of members.

"3. Reading the minutes of previous meeting.

"4. Report of Committee on Programme for next meeting (including announcement of Chairman for next meeting).

"5. Unfinished business, such as committee reports, etc.

"6. New business.

"7. Programme:

- "A. Address or paper on the establishment of the first financial system by the government. Ten minutes.
- "B. Discussion of address or paper. Twenty-five minutes. No speech to exceed five minutes. Led by ——.
- "C. Hamilton's part in establishing our first financial system. Five minutes.
- "D. Jefferson and the Gold Standard. Five minutes.
- "E. Miscellaneous discussion. Fifteen minutes. No speech to exceed three minutes.

"For another evening the following, after observing the order set apart for the transaction of business:

- "A. Address or paper on the establishment of the Supreme Court. Ten minutes.
- "B. Discussion of address or paper. Twenty minutes. No speech to exceed five minutes. Led by ——.
- "C. John Jay, the first Chief Justice. Address, five minutes.
- "D. Discussion on subject, 'Development of the Influence of the Supreme Court During Jay's Term on the Bench.' Fifteen minutes. No speech to exceed three minutes.
- "E. Some branch of the financial question and general discussion, not to exceed twenty-five minutes.

"Each club should have a committee whose duty it would be to prepare, at the close of each evening's exercise, a report on the work done by each member participating in the programme, such report to be based upon percentages and to include the thought, delivery and language of each; a copy of these reports to be forwarded once a month to the Secretary of the League; these reports in turn to be submitted to the Executive Committee, whose duty it would be to render some suitable acknowledgment to those members whose work reached a certain standard, and also to those clubs whose reports showed work of a given standard of excellence, as indicated by the reports relative to the members, conforming to the ideas heretofore suggested along this line.

"It seems to me that if each member of the clubs will lend his earnest, active influence and efforts to a line of work embodying, to some extent at least, the ideas expressed, the State League will become a mighty force this year, not only in spreading the principles of the Republican party, but in arousing in the young men of our State that spirit of exalted patriotism and good citizenship which are the only and everlasting bulwarks of a free and permanent government.

"The discussions mentioned in the programmes of the addresses or papers are not intended to be in the nature of taking issue with the speakers, but to be an elaboration of the subjects, discussing matters and questions which the speakers may have overlooked or dwelt upon, possibly, too briefly."

The plan outlined above is intended to be elastic. Each club will be expected to adapt it to its own peculiar conditions. If the spirit of the scheme is carried out, the good results can only be determined by the outcome on November 8, 1898.

It is hoped that the effort to make this treatise on Sound Currency simple, historical and scientific has not been in vain, and that it will so commend itself to the clubs of the League that the year's work will make an epoch in the intelligent and conscientious investigations of those public questions, the practical and patriotic solution of which are so fundamentally important to the welfare of the Nation.

Respectfully submitted,

F. E. HOLLOWAY,
President.

Anderson, Ind., March 7th, 1898.

SOUND CURRENCY

A POPULAR STUDY OF MONEY

BY

RUSSEL M. SEEDS,
INDIANAPOLIS.

In beginning to look into the question of what a sound currency should be, we ought to fix a few definitions in our mind.

I. WHAT MONEY IS.

The Political Economist tells us that money is "a medium of exchange and measure of value," all of which is very clear to the man who has been studying the question for a year or two, but does not tell anything to the man who has just begun to think about it. In the beginning our forefathers, who lived in a warm climate, clothed themselves in goat skins and lived upon wild fruits and such game as they were able to kill. After a while they added sandals to their garments and began to tan their goat skins, and as years went on they added other clothing. One man found that he could tan goat skins better than most of his neighbors, while another man found that he could make better sandals than most of the others. The one began to devote his time to tanning goat skins and the other to making sandals. The man who made sandals wanted a goat skin to wear, and traded a pair of sandals for a goat-skin garment. This was probably the first commercial transaction of history. It was barter. Hunters needed sandals and goat skins, and traded off their game for them. Men began to raise domestic cattle and trade them off for things to wear. Other men began to fashion rude weapons for war and hunting, and traded off such as they did not need for themselves for things to eat and things to wear. As trade thus grew it became to be inconvenient. It frequently happened that the man who tanned goat skins could not readily find a man with sandals who needed a goat skin, and he therefore had to do without sandals, and this same trouble ran all through trade. It became necessary to find something that everybody wanted and was glad to get in order that he could trade it off for whatever he might need. Thus was developed the first need for money. Men

"Each club should have a committee whose duty it would be to prepare, at the close of each evening's exercise, a report on the work done by each member participating in the programme, such report to be based upon percentages and to include the thought, delivery and language of each; a copy of these reports to be forwarded once a month to the Secretary of the League; these reports in turn to be submitted to the Executive Committee, whose duty it would be to render some suitable acknowledgment to those members whose work reached a certain standard, and also to those clubs whose reports showed work of a given standard of excellence, as indicated by the reports relative to the members, conforming to the ideas heretofore suggested along this line.

"It seems to me that if each member of the clubs will lend his earnest, active influence and efforts to a line of work embodying, to some extent at least, the ideas expressed, the State League will become a mighty force this year, not only in spreading the principles of the Republican party, but in arousing in the young men of our State that spirit of exalted patriotism and good citizenship which are the only and everlasting bulwarks of a free and permanent government.

"The discussions mentioned in the programmes of the addresses or papers are not intended to be in the nature of taking issue with the speakers, but to be an elaboration of the subjects, discussing matters and questions which the speakers may have overlooked or dwelt upon, possibly, too briefly."

The plan outlined above is intended to be elastic. Each club will be expected to adapt it to its own peculiar conditions. If the spirit of the scheme is carried out, the good results can only be determined by the outcome on November 8, 1898.

It is hoped that the effort to make this treatise on Sound Currency simple, historical and scientific has not been in vain, and that it will so commend itself to the clubs of the League that the year's work will make an epoch in the intelligent and conscientious investigations of those public questions, the practical and patriotic solution of which are so fundamentally important to the welfare of the Nation.

Respectfully submitted,

F. E. HOLLOWAY,
President.

Anderson, Ind., March 7th, 1898.

SOUND CURRENCY

A POPULAR STUDY OF MONEY

BY
RUSSEL M. SEEDS,
INDIANAPOLIS.

In beginning to look into the question of what a sound currency should be, we ought to fix a few definitions in our mind.

I. WHAT MONEY IS.

The Political Economist tells us that money is "a medium of exchange and measure of value," all of which is very clear to the man who has been studying the question for a year or two, but does not tell anything to the man who has just begun to think about it. In the beginning our forefathers, who lived in a warm climate, clothed themselves in goat skins and lived upon wild fruits and such game as they were able to kill. After a while they added sandals to their garments and began to tan their goat skins, and as years went on they added other clothing. One man found that he could tan goat skins better than most of his neighbors, while another man found that he could make better sandals than most of the others. The one began to devote his time to tanning goat skins and the other to making sandals. The man who made sandals wanted a goat skin to wear, and traded a pair of sandals for a goat-skin garment. This was probably the first commercial transaction of history. It was barter. Hunters needed sandals and goat skins, and traded off their game for them. Men began to raise domestic cattle and trade them off for things to wear. Other men began to fashion rude weapons for war and hunting, and traded off such as they did not need for themselves for things to eat and things to wear. As trade thus grew it became to be inconvenient. It frequently happened that the man who tanned goat skins could not readily find a man with sandals who needed a goat skin, and he therefore had to do without sandals, and this same trouble ran all through trade. It became necessary to find something that everybody wanted and was glad to get in order that he could trade it off for whatever he might need. Thus was developed the first need for money. Men

needed something that they could exchange for anything that they might desire. They needed a "medium of exchange." In the early days various "mediums of exchange" or kinds of money were tried, but in time men discovered certain precious metals, like gold, silver and copper, that were of generally recognized value, so that a comparatively small amount of either of these metals could be exchanged for a pair of sandals, a goat skin, a sheep or anything else a man might need for his comfort, and as time went on these came to be recognized as the money metals. After a while copper was discovered in such quantities that it was no longer used in trades of any considerable amount, but was, and is still, in common use in very small transactions. In later years silver also was produced in such quantities that it was not used much in larger transactions, and a large portion of the world began to use it simply as a subsidiary coin. Very briefly, this little story tells why money is necessary in the commerce of the world and why money is defined as a "medium of exchange."

There were in the very earliest days men who tried to get the best of their fellowmen, not only by beating them to death with clubs and killing them off in war, but by cheating them in trade and barter. As man progressed out of savagery he began to establish a form of government and make laws to prevent wickedness and crime and to insure his own peace and safety. When the government thus formed found that some of its subjects were declaring that a piece of gold or silver or copper weighed more than it really did, it became necessary to establish some method so that when a man took a piece of gold in exchange for a goat skin or sheep he could tell at a glance how much gold that piece contained. Thus the government began to cut these money metals into pieces of convenient size and stamp upon them its certificate of the weight and fineness of the piece of metal. This piece of metal thus became a coin, and thus arose the system of coinage. In the beginning, when the government struck a coin, it meant no more than the certificate of the government that the piece contained so much pure metal. The King was known to all the people, and his likeness upon the coin was an assurance to them that the coin was what it was represented to be.

Measure of Value.—We have seen why money was necessary as a "medium of exchange." Why is it also called a "measure of value? Simply as a matter of convenience. In the beginning, as we have seen, the man who made sandals exchanged a pair of them for a goat skin, but the sandal wood was hard to find and the fashioning of them was a work of time, while the goats were plentiful and it was not much trouble to dry their skins in the sun. Thus, as sandals were more scarce than goat skins, one pair of sandals became worth two goat skins. One sheep became worth three goat

skins. But how were men to arrange their trade when they wanted to trade a sheep for sandals? It was too much trouble for the man to first trade his sheep off for goat skins and then get a pair of sandals with the goat skins. Moreover, he would have left one goat skin for which he had no use. Therefore, goat skins did not make a good or convenient "measure of value." They needed something of more universal use, something that was more generally wanted, to serve as a "measure of value," just as they needed something as a "medium of exchange." Nothing could be more natural than that the same metals, serving as a medium of exchange, should also serve as a measure of value, by which the value of other things could be measured up. Thus, if a coin worth one goat skin were in circulation, the man with the sheep could trade his sheep off for three coins. Then he could buy his pair of sandals for two coins and have one coin left for other purchases. When he wanted to buy something else, say a war club, he could go to the man who made war clubs. If he had only a goat skin to trade it is likely that he would find that the man who made war clubs did not need a goat skin, and therefore would not trade his war club off for a goat skin; but he was glad to get the coin and the war club could be easily bought. Thus, the quality of money as a "measure of value" helped to make coinage necessary, just as did its function as a "medium of exchange."

II. WHAT WEALTH IS.

Wealth is anything that will supply a want. Air supplies a human want, and one might smile at the notion of air being wealth, but if air happened to be limited in amount we would very soon discover its value. It happens to be a form of wealth that is universally distributed. Water is another form of wealth that is very common, but those who have large areas of desert land in Southern California that they want to irrigate soon discover that water is wealth. Money is wealth only because it supplies a want, and, inasmuch as money is one of the most universal wants, it is one of the most universal forms of wealth. The man who has a stock of manufactured goods counts them as so much wealth, and he is right, because they will supply a want; but should the demand for them suddenly cease altogether, he would find that they were not wealth at all. Note carefully the distinction between money and wealth. While all money is wealth, all wealth is not money by any means.

III. PRICE AND VALUE.

Value in any article is the measure of desire for that article. The more a thing is wanted by one man or a number of people, the more value it has. The more useful it is, the more general is the

desire for it and the more valuable it is. Every man desires a dollar, and in a good, sound gold dollar there is 100 cents' worth of satisfaction of this desire. In ten dollars there is just ten times that satisfaction. The average man desires it ten times as much as he does one dollar.

Price is simply the expression of value in money. Ordinarily these two terms, price and value, mean the same thing. Price is the expression of value, just as a word is the expression of a thought. In America we express a certain thought with the word "apple." In France they express the same thought with the word "pomme." In America we express a certain thought with the words "twenty cents." In France they express the same thought with the word "franc." In America we say the value of a peck of apples is 20 cents; in France they express the value of these same apples with a franc; that is to say, the "value" of a peck of apples in America brings a "price" of 20 cents; in France it brings a price of 1 franc.

IV. CURRENCY.

Currency means simply the money that passes current. In modern commercial life it is usually used to distinguish between the forms of money or credit that pass current among all men, and those forms of credit or representative money that pass only among those who know their value. That is to say, a bank note for $5 is a form of credit that is very generally recognized and will be accepted by any man under our present system, but the check of William Jones for $5 will pass current only among those men who are aware of the fact that William Jones has a balance of $5 or more at the bank upon which his check is drawn. Both are practically the same form of money, only one is based upon the credit of the bank, under certain government restrictions, while the other is based only upon the individual credit of William Jones. Some men have come to use the word currency as distinguished from coin. This is a false distinction and serves only to confuse the mind. All coin is currency, just the same as any other money that will pass current.

V. CREDIT MONEY.

For many centuries the business of the world was carried on with such forms of money as the various governments coined. But after the civilization founded upon Christianity began to develop, trade and manufacture began to widen out to such a degree, and transactions became so large, that it was inconvenient to carry them on altogether with coin, even though the precious metals contained large value in small bulk. One of the earliest industries was that of the silversmith or worker in precious metals. As his materials were

so precious, he took great precautions against attack and had strong vaults built in which to keep his gold and silver. Many of his patrons could not protect their own gold and silver and jewels as well as he could. They therefore got into the habit of leaving their gold with the silversmith to take care of, and when they would deposit it with him he would give them a certificate showing that they had left their gold with him and that he would return it to them whenever they should demand it. In time the silversmith found that the work of tying up one sack of gold and labeling it as belonging to William Jones and another as belonging to John Smith, and so on, was a lot of trouble, and he hit upon the plan of keeping a book. When Jones deposited a certain amount of gold, say ten ounces, the silversmith noted that fact in his book and threw the gold into his vault. Then when John Smith deposited five ounces he noted this fact and threw it into the same vault with Jones' gold, and when either of them demanded his gold back, the silversmith would count him out so much gold from the general stock. But one day John Smith happened to be in another city, when he saw a bit of cloth that he wanted to buy. He had in his pocket only coin enough to pay his way home, but he had the silversmith's certificate for a deposit of five ounces of gold in his pocket. He persuaded the cloth merchant to take this certificate of deposit in payment for his cloth, Smith attaching to it a note to the silversmith commanding him to pay to the cloth merchant the stock of gold in his vault belonging to Smith. This was the first bank note and the first bank check.

It was a certificate of deposit issued by the silversmith, and when the cloth merchant in another city recognized its value it became as good as money and served the purpose of money. This was a revelation to the silversmith. He had found long before that there were so many people depositing gold with him and so few of them getting it back at any one time, that he had a large stock of gold on hand all the time, and he knew then that his certificates of deposit would pass in other cities. Thus, he began issuing notes. People found that these bills issued by the silversmith were more convenient to carry about than the coin. In Italy, where this custom first arose, the silversmith's shop came to be called a bank, from the Italian word meaning a bench, at which the smith worked, and the silversmith's shop was thus converted into a bank and his certificates of deposit were the first bank notes. Upon this simple principle are all our forms of credit money based. The notes of the bank circulate more readily because the ability of the bank to pay is more generally recognized than that of an individual. In time there were fraudulent banks, just as in the beginning there had been fraudulent men who declared that a piece of gold in their possession was worth more than it really was; so there were banks that pretended

to have more gold in stock than they really had, and issued notes beyond their ability to pay. Thus it became necessary for the government to again step in and regulate, by certain restrictions, the issues of bank notes, just as had formerly been the case in the matter of coining metallic money. In the Civil War our government went a step farther and took up the business of a bank itself, issuing its own notes, based not upon the stock of gold in its treasury, but upon the confidence of the people in the ability of the government to pay. These were the greenbacks. When they were first issued the war was still on. The people did not have any too much confidence in the government's ability to pay, and the greenback dollar fell in value—was worth only a little more than one-third of a gold dollar; but when the war was over and the government again became strong, the people acquired more confidence in it and its promise to pay a dollar became current at the full value of a dollar, but not until the government had got its treasury stocked with gold.

Modern civilization and modern industry have grown and developed until it has become very complex, and these forms of credit are various. There are government promises to pay known as treasury notes and greenbacks. There are national-bank notes which are simply promises of the banks to pay. There is the bank check, which is simply a command upon the part of a depositor to his banker to pay another man so much money. There is the bank draft which is simply a demand of one bank upon another bank to pay so much money. There are bills of exchange, which are nothing but bank drafts, accepted by the bank upon which they are drawn, to be paid thirty, sixty or ninety days from date. There are warehouse receipts, which are nothing more than certificates of deposit of goods or products in warehouses. There are bills of lading, which are simply certificates of deposit of goods or products on board cars or on board a ship. These and promissory notes of individuals and corporations, mortgage notes, bonds and other forms of credit figure very largely in the commercial transactions of today. Statistics show that the amount of currency—and by this term is meant the amount of government notes, bank notes and coin—that figure in our business of to-day is not equal to 5 per cent. of the business done. The other 95 per cent. of "medium of exchange" or money is in the shape of checks, drafts, bills of exchange, bonds, etc. All these things are money so long as they do the work of a medium of exchange. They are often called "representative money." They represent the metallic money or "money of ultimate redemption." Their value depends upon the value of the coin in which they are to be redeemed, and thus that coin has come to be known as the standard by which the value of all other money is measured. If we are required to redeem all these things in gold, we are operating on a "gold basis" and have the "gold

standard." If we can redeem them in silver, we are operating on a silver basis, and have a "silver standard." If we can redeem them in copper, we are on a copper basis and have a copper standard. If we could redeem them in pig iron, we would be on a pig-iron basis and have a pig-iron standard. The standard is simply the foundation upon which the whole mass of "credit money" or "representative money" rests. If the foundation is good, the house built of greenbacks, bank notes, checks, drafts, bonds, etc., will be held up by it. If the foundation is bad, the whole thing is bad.

The money of ultimate redemption must have "intrinsic value;" it must have a value of its own, even if nothing were written or stamped upon its face. It must be generally desired by the people, and it must be generally desired not only in times of commercial prosperity, but in times of commercial distress. It must be desired not only while a government stands and is strong, but it must be desired even after that government falls and is destroyed. The stamp of the government can inspire a certain amount of confidence in a certain form of money, but this confidence will only exist while that particular government lasts. It is only inspired in a limited number of people in the world. After that government falls the stamp is without value. Outside the territory of that government the stamp amounts to nothing, unless it is a promise of that government to pay, and then its value outside of the government's jurisdiction depends entirely upon the confidence the people of other countries have in the government that issues the promise. We had a striking illustration of this in our greenbacks. It was supposed that the greenbacks would rise to par at once upon the passage of the act of 1875, in which the government declared its readiness to redeem the greenbacks in coin. The greenbacks, however, did not rise to par until 1879, when the United States Treasury had placed in its vaults over seventy millions of dollars in gold coin, and had thus shown that it was able to pay them in gold.

VI. THE STANDARD.

Thus it is seen that the value of all forms of credit and credit money that form a part of the currency with which we do business depends upon a foundation of metallic money in which they will be redeemed on demand. This metallic money serves also as a standard of value by which they are measured. In some shape or other all these forms of credit and credit currency are promises to pay or contracts to pay. They are contracts to pay a standard money. That standard must have intrinsic value that is recognized wherever the trade of a nation reaches. It must be a precious substance, where great value can be condensed in small bulk so that it can be carried about without too much labor and expense. It must also be a substance whose value fluctuates as little as may be, so that

the promise to pay a certain amount of it will be as nearly as possible the same when this promise comes due as when it is made, though there may be fifty years of time elapse between the making of the promise and its payment. The one substance of universally recognized value, that the experience of centuries has shown to fluctuate least, and that can be used for the purposes of money, is gold. The value of certain precious stones is just as universally recognized, but they cannot be cut up into convenient sizes, for in the cutting they lose value very greatly.

Money of ultimate redemption must thus be a metal that can be melted and worked over, and it must be a metal produced in sufficient quantity to serve the purpose. The experience of centuries has demonstrated that the metal that fluctuates least in value, that contains great value in small bulk and that is universally recognized as intrinsically valuable is gold, and therefore all the most enlightened peoples of the earth use gold as their standard of value. These include Great Britain, France, Germany, Russia, Italy, Japan and the United States, for the United States has been upon a gold basis for years. For many centuries the world recognized two precious metals, and there existed between them a generally recognized commercial ratio of about $15\frac{1}{2}$ to 1; that is to say, $15\frac{1}{2}$ ounces of silver would exchange for one ounce of gold the world over. There were fluctuations, but they were so slight as not to greatly disturb any nation's currency based upon them, but within the last twenty years the commercial ratio between these two metals has very greatly changed. The price of silver as measured by gold has fallen to such an extent that it now takes somewhat more than 30 ounces of silver to buy one ounce of gold in the free markets of the world. A gold dollar melted down is still worth 100 cents. A silver dollar melted down is worth but 50 cents. With this fluctuation in value it has become impossible to continue silver as a money of ultimate redemption, because a promise to pay 100 ounces in silver 20 years ago could now be fulfilled with an amount of silver worth only half what it was when the promise was made. For this reason, during the past ten years or more, all great financial concerns and corporations, in issuing their bonds have made them payable in gold. That is to say, in borrowing money they have made their written promises to pay it in gold. This was made necessary by the fact that could not sell the bonds, or, in other words, could not borrow the money, if they simply promised to pay it in currency without specifying the metal of ultimate payment.

VII. WHAT PAPER CURRENCY SHOULD BE.

The American people are a commercial nation. Their system of manufacture, transportation and commerce is so great, so complex

and so varied in its details, that it is utterly impossible for one man at any one point in the country to understand it all or to know the conditions of business that exist in various localities throughout our broad territory. The habits of our people vary very greatly. In some communities they are in the habit of paying their debts in cash and of buying their commodities with cash in hand. In other communities they are in the habit of paying all such things with checks upon the bank. On the Pacific Slope they like to hear the ring of metal and use a great deal of metallic money. In most other sections of the country the people have very little use for gold coin in their daily transactions, preferring to use the paper money where they use cash. Even if there were plenty of gold to transact all the business of the country in gold, it would not be used. Most people prefer the paper money so long as it is as good as gold, because it is more convenient and more easily carried.

Taking into consideration these points, then, a paper currency should have these features:

1. It should be readily and immediately convertible into gold in order that it may command universal confidence and circulate as well in San Francisco as in New York.
2. It should be issued in convenient denominations.
3. It should be issued from many different centers, in order that it may more readily respond to the local needs of business in various parts of the country.
4. There should be some general guarantee of its safety by a generally recognized authority, in order that its soundness may be everywhere believed in by the people.
5. It should have automatic "elasticity." That is to say, it should be a currency that will expand and contract automatically as the volume of business expands or contracts in any one locality or throughout the country.
6. It should be issued under government restrictions that will prevent fraud in its various forms, such as overissue, counterfeiting, etc.

VIII. THE CURRENCY OF THE UNITED STATES.

Immediately after the Revolution the currency of the United States was in a somewhat disordered state. Many of the colonies had issued coins of their own, but in a general way gold and silver coins of England and of Spain formed the currency of the country. The first great bank of the country was the National Bank of the Republic at Philadelphia, and it issued notes of its own that passed current to a limited extent. The mints were open to the free coinage of both gold and silver. The ratio at first was $15\frac{1}{2}$ to 1 and was changed slightly when silver increased somewhat in value, but the

silver dollar contained a fraction more of intrinsic value than the gold dollar, so that from the beginning until 1873 but a little over eight millions of dollars of silver were coined. An effort was made to establish what was known as the United States Bank, which was to hold somewhat the same relation to the United States government that the Bank of England does to the British government and the Bank of France to the French government. During its existence this bank had a monopoly of the issue of bank notes. General Jackson made a fight upon this institution and overthrew it while he was President and had its charter rescinded. Then followed a period of bank-note issues by banks under State charters. Some of these banks were good and others were not. The State Bank of Indiana and State Banks of North Carolina issued their notes based upon the general assets of the banks, and the excellent management of those institutions built up a splendid credit that made their notes good dollar for dollar throughout the country. Some other banks, however, notably in Michigan and some of the Southern and Western States, issued notes based upon State and county bonds, that depreciated rapidly in value. Railroad corporations also issued notes based upon nothing in particular, and banks were set up on bleak prairies for the purpose of turning out currency. This was known as "wild-cat" and "red-dog" money, and there are thousands of men yet who remember the time when they got their wages and did not know whether the money would be worth the paper upon which it was printed within another 24 hours. Every merchant kept a little book in which the value of the different issues of money was noted, and when a customer offered to pay him, he had to go to his book to see what the bills offered in payment were worth. Under these conditions gold and silver disappeared. Cheap money will always drive good money out of circulation. This has been the history of the world, and is due to a characteristic of human nature that no law can ever change. If a man has in his pocket two coins, each stamped upon its face as worth one dollar, and he knows that one of them is good for all time, while he is doubtful about what the value of the other will be to-morrow, when he makes his first purchase he will pay out the coin of doubtful value. He will take the coin of certain value and put it away if he can spare it, so that he may have it in case of urgent necessity. Thus good money will always be driven out of circulation by cheaper money or money of doubtful value.

When the Civil War began the currency of the country was in a bad state and the Treasury contained very little gold. Bonds were issued until their value fell below par. Salmon P. Chase was Secretary of the Treasury, and thousands of suggestions were sent in to him upon the subject of raising money for the government. The only ones that seemed at all feasible to him were the national-

bank plan and the plan of issuing greenbacks or promises of the United States to pay on demand. These two plans he presented to President Lincoln, indorsing the national-bank plan and declining to indorse the greenback plan. Abraham Lincoln transmitted the two plans to Congress, and he also indorsed the national-bank plan, while refusing to indorse the greenback plan. Congress, however, adopted the greenback plan. Before a year had passed the value of the greenbacks had fallen to such an alarming extent—that is to say, the people had lost confidence in the government's ability to pay them to such a degree—that the President sent to Congress another message advising the substitution of the national-bank plan, which would create a demand for United States bonds. But Congress again rejected the national-bank idea. However, in time the value of the greenbacks and the value of the United States bonds fell so low that it was absolutely necessary to devise some plan for strengthening the credit of the government, and Congress reluctantly adopted the national-bank plan to create a demand for government bonds. As every one knows, under this plan national banks were permitted to invest in United States bonds and issue notes up to 90 per cent. of the face value of the bonds. While bonds were below par and interest rates were high, this offered a profit to the bankers, and they generally took advantage of it, and the system was established throughout the country. The notes issued by these banks had some of the essentials of a good currency, and after the United States government resumed specie payments they had so many essentials of a good currency that they rose to par in value. Then they had these features:

1. They were readily and immediately convertible into gold at many different centers.
2. They were issued in convenient denominations.
3. They were issued from diversified centers.
4. Their safety was guaranteed by the 5-per-cent. redemption fund in the hands of the United States Treasurer and by the deposit of bonds in the United States Treasury.
5. They were issued under government restrictions.

The great essential lacked by these bank notes, and the one thing that kept them from being an ideal currency, was the absence of "elasticity" in the system. Being based upon bonds that were being paid off and gradually increasing in value, the volume of the national bank-note currency has steadily decreased during the years that business has been expanding with such wonderful rapidity. Only when the Cleveland administration issued more bonds was this decrease checked. Then the volume of bank notes increased for a little while, and then the decrease again set in. In the efforts to supply this deficiency in the currency needed to meet the growing demands of business, we have made the mistake of trying to issue

money from a single center and of increasing the volume of demand obligations of the government. If a business man has out a number of checks that are liable to be presented at the bank for payment at any time, and has in bank a balance that fluctuates from day to day with his business, he is in a dangerous condition, for these checks are likely to be presented at a time when he has not enough money in bank to meet them. This is precisely the condition of the United States government, with a large number of demand obligations out and a treasury balance that fluctuates greatly from day to day. As long as money is pouring in upon the government rapidly from the different revenues, these obligations cause no trouble, but when the revenues fall off and the treasury balance becomes small, people lose confidence in these demand obligations or greenbacks, and the whole currency system is in danger.

IX. FACTS AS TO THE CURRENCY.

The Monetary Commission, in its report published last January, made a very succinct statement of the existing currency system of the United States and its defects, as follows:

"The people of the United States have ten different forms of currency—gold coins, silver dollars, subsidiary silver coins, minor coins, gold certificates, silver certificates, United States notes, currency certificates, treasury notes of 1890 and national-bank notes. The respective qualities of each, the amounts outstanding, the amounts in the Treasury, the amounts in circulation and the respective denominations of the paper currency, were on 1st November, 1897, as follows:

"1. Gold Coins of the denominations of $20, $10, $5 and $2.50, weighing 25.8 grains to the dollar and .900 fine. They are a 'legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided by law for the single piece, and, when reduced in weight below such standard and tolerance, a legal tender at valuation in proportion to their actual weight; receivable for all public dues and exchangeable for gold certificates. Gold bullion is admitted to free coinage. The Treasury estimates that the stock of gold in the country is $729,661,110, of which $153,573,148, in addition to $36,814,109 held against outstanding gold certificates, are held by the Treasury, and $195,895,107 are held by the national banks.

"2. Standard Silver Dollars, each containing 412.5 grains of standard silver .900 fine, coined for government account, a 'legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract;' receivable for all governmental dues and exchangeable for silver certificates.

From 1793 to 1873 the mint coined silver dollars to the amount of $8,031,238. From 1874 to 1878 none were coined. The act of 28th February, 1878, required not less than two millions nor more than four million dollars' worth of bullion to be purchased monthly and coined into standard silver dollars.

"The act of 7th August, 1882, directs the Secretary of the Treasury 'to transport, free of charge, silver coins when requested to do so, provided that an equal amount in coin or currency shall have been deposited in the Treasury by the applicant.'

"The act passed on 19th February, 1877, which became a law without President Hayes' approval on 3d March, 1877, directed that 'trade dollars' received at the Treasury should be coined into standard dollars. The act of 14th July, 1890, required four million five hundred thousand ounces of fine silver bullion to be purchased monthly and treasury notes to be issued in payment therefor. The act of 1st November, 1893, repealed the purchasing clause of the act of 14th July, 1890.

"Under the act of 28th February, 1878, the government purchased 291,272,018 ounces of silver at a cost of $308,279,260. Under the act of 14th July, 1890, the government purchased 168,674,682 ounces at an average price per fine ounce of $0.9244, costing $155,931,002. The government coined to the 1st of November, 1897, $452,713,792, of which $392,715,014 are in the Treasury and $60,196,778 are in circulation. The free transportation of the silver dollar has cost $1,064,106. The government now holds 115,361,079.54 ounces of silver bullion, which cost $104,853,851.55, and which, at the price of silver on 3d November, 1897, are worth $65,900,016.67. As against the 392,517,014 silver dollars now in the Treasury there are outstanding silver certificates to the amount of $372,838,919, leaving $19,678,095 in the Treasury uncovered by certificates.

"As the silver bullion now in the Treasury and purchased under the act of 1890 cost $103,957,026.25, and there are outstanding Treasury notes of 1890 to the amount of $109,313,280, silver dollars to the amount of $5,356,254 must be held as against these treasury notes of 1890, and this amount deducted from the amount of silver dollars uncovered by silver certificates ($19,678,095) leaves as the amount of silver dollars uncovered by either silver certificates or treasury notes of 1890, and subject to disposal by the Treasury, $14,321,841. The act of 14th July, 1890, declared it to be 'the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio or such ratio as may be provided by law.' The act of 1st November, 1893, declared it 'to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable

value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts.'

"3. Subsidiary Silver, coined for government account in denominations of 50, 25, and 10 cents, .900 fine, containing 385.8 grains to the dollar; 'a legal tender in all sums not exceeding $10 in full payment of all dues, public and private;' receivable for governmental dues to $10; and exchangeable for lawful money at the office of the Treasurer or any Assistant Treasurer of the United States in sums of $20 or any multiple thereof. The general stock of subsidiary silver amounts to $75,414,007, of which $11,981,078 are in the Treasury, and $63,432,929 are in circulation.

"4. Minor Coins, coined on government account in denominations of 5 cents and 1 cent; a 'legal tender at their nominal value for any amount not exceeding 25 cents in any one payment;' receivable to the amount of 25 cents for all governmental dues; and redeemable in lawful money at the office of the Treasurer and the several Assistant Treasurers and depositories of the United States when presented in sums of not less than $20.

"5. Gold Certificates, issued under the acts of March 3, 1863, and June 12, 1882, for gold coin deposited in the Treasury, in denominations of $10,000, $5,000, $1,000, $500, $100, $50, and $20; not a legal tender; 'receivable for customs, taxes and all public dues,' and redeemable in gold at the Treasury or any sub-treasury.

"Certificates to the amount of $38,348,169 are outstanding, of which $1,534,060 are in the Treasury, and $36,814,109 are in circulation.

"6. Silver Certificates, issued against standard silver dollars deposited, in denominations of $1,000, $500, $100, $50, $20, $5, $2 and $1; not a legal tender; receivable for customs, taxes, and all public dues; exchangeable for standard silver dollars or smaller coin; and redeemable in standard silver dollars. There are outstanding silver certificates to the amount of $384,170,504, of which $11,331,585 are in the Treasury and $372,838,919 are in circulation.

"7. Treasury Notes, issued under the act of July 14, 1890, in payment for silver bullion; a 'legal tender for all debts public and private, except where otherwise expressly stipulated in the contract;' receivable for customs, taxes, and all public dues and 'redeemable on demand in coin' at the office of the Treasurer or any Assistant Treasurer of the United States. There have been issued $155,931,002, of which $46,617,722 have been redeemed in silver and canceled; $7,553,325 are in the Treasury, and $101,759,955 are in circulation.

"8. United States Notes, issued under the acts of February 25, 1862, July 2, 1862, and March 3, 1863, in denominations of $1, $2, $5, $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000; a 'legal tender in payment of all debts, public and private, within the United States, except for duties on imports and interest on the public debt;' redeemed when presented since 1st of January, 1879, in gold coin at the sub-treasuries in New York and San Francisco, and reissued. The highest amount of these notes outstanding at any time was on January 3, 1864, when it reached $449,338,902. By the Public Credit act of March 18, 1869, 'The United States solemnly pledges its faith to make provision at the earliest practicable period for the redemption of the United States notes in coin.' The resumption act of January 14, 1875, authorized the use of surplus revenues and the issue of bonds for their redemption. The act of May 31, 1878, prohibited their further cancellation or retirement, and directed the reissue of such as might be received or redeemed by the Treasury. The amount outstanding has therefore since remained at $346,681,016, of which $87,684,018 are in the Treasury, $48,625,000 are held against outstanding currency certificates, and $258,996,998 are in circulation.

"The aggregate amount outstanding of United States notes, Treasury notes of 1890, and silver dollars is $908,708,088, of which $61,274,184 are now in the Treasury, but liable to reissue, and $847,433,904 are in circulation.

"As against this large amount of that which is a credit currency, aside from the value of the silver bullion and dollars in the Treasury the Treasury now holds $153,573,147 in gold coin and bullion, after deducting the amount of the gold certificates.

"9. Currency Certificates, issued under the act of June 8, 1872, in denominations of $10,000, upon deposit of United States notes, payable to order, and not a legal tender, nor receivable in exchange for anything other than legal tender notes, $48,625,000 are outstanding, of which $340,000 are in the Treasury, and $48,285,000 are in circulation.

"10. National Bank Notes, issued by the national banks of the United States in accordance with the act of June 3, 1864, to the extent of 90 per cent. of the par of government bonds deposited by such banks with the Treasury; not a legal tender; receivable at par 'in all parts of the United States in payment of taxes, excises, public lands and all other dues to the United States except duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations within the United States, except interest on the public debt and in redemption of the national currency;' receivable also by every national banking association for any debt or liability to it and redeemable at the Treasury.

"The national bank notes outstanding are $230,132,275, of which $4,998,012 are in the Treasury, and $225,134,263 are in circulation.

"The national banks were organized under the act of 25th of February, 1863, and its supplements. They were authorized to issue a circulation based upon bonds, in order that there might thereby be created a demand for the bonds of the United States.

"On 2d July, 1866, there were 1,634 banks; on 26th December, 1873, 1,976; on 2d October, 1890, 3,540; on 9th December, 1892, 3,773, and on 5th October, 1897, 3,610. The maximum capital was $689,698,017 on 9th December, 1892. The maximum circulation was on 26th December, 1873, $341,320,256, and the minimum circulation on 2d October, 1890, $122,928,084. Up to 1892, the tendency was towards increase of capital. Since then the tendency has been in the direction of a decreasing capitalization. From 1873 to 1890, there was a marked decrease in circulation, with occasional fluctuations; but since 1890 there has been some increase of circulation, with no prospect of any material increase under the existing system.

"On 5th October, 1897, there were 3,610 banks, with an outstanding note issue of $230,132,275 [of which $4,998,012 were held in the Treasury], with a capital stock of $631,488,095, with an aggregate capital, surplus and undivided profits of $966,240,-095, with deposits of $1,869,491,310, and with investments in discounted paper [rediscounts deducted] of $2,043,803,392, in United States bonds of $277,235,920, in other stocks and securities of $208,831,563, and in lawful money of $388,882,631, of which $195,895,107 are in gold coin. The five per cent. redemption fund held by the Treasury now amounts to $10,021,689. From the organization of the system, in 1863, to 30th June, 1897, the national banks have paid in taxes to the United States $150,207,339.44; and the United States has also made a profit of $2,826,466 from that amount paid by the banks to redeem circulation which has not been presented.

"The Defects of the System.—The defects of the existing system are:

"*First.* The vast amount of government credit currency without a certain and adequate provision for its redemption, and the consequent diminution of public confidence in the continued maintenance of the gold standard.

"*Second.* The continuance in circulation of government promises to pay, which, when made a legal tender, constitute a forced loan, which are secured only by such resources as the exercise of the taxing power can render available, and which are payable only at the will of the debtor.

"*Third.* The failure to provide the means for a gradual and sufficient increase of the volume of the currency to meet the needs of an increasing population and an enlarging commerce.

"*Fourth.* The want of a natural outflow and inflow of the currency when and as, and only when and as, the agricultural, manufacturing and commercial interests of the country require, at a given time, either a greater or a less quantity of currency in circulation.

"*Fifth.* The failure to secure such a distribution of the loanable capital of the country as will tend to equalize the rates of interest in all its parts.

"*Sixth.* The confusion of the fiscal functions of the Treasury as the receiver of the public revenue and the disburser thereof under congressional appropriations with its issue and redemption functions in exchanging and redeeming the currency.

"*Seventh.* The circulation of different forms of government currency having different qualities as to legal tender and receivability for government dues.

"*Eighth.* The circulation of silver dollars of full legal-tender quality whose nominal value as coins so largely exceeds their value as bullion, that they offer tempting inducements to successful counterfeiting.

"*Ninth.* The circulation of a national bank currency based upon government bonds, presupposing a continuing issue of those bonds, diminishing the loanable funds of the banks, and, by reason of their bond basis, incapable of increasing in volume with a temporary demand for more currency, and of decreasing with the cessation of that demand."

X. SOME REAL GRIEVANCES.

The three greatest difficulties with our present system are these:

1. The uncertainty as to the standard. So long as our laws contain the implied threat that we may pay our obligations in silver, which has lost half its value in the last twenty years, the government finds it difficult to borrow money, and any man in undertaking to borrow money for a new enterprise meets precisely the same timidity on the part of those who have money in their care to lend.

2. The outstanding demand obligations of the government, including the greenbacks. These are a constant threat that cause the people in times of financial distress, to lose confidence in the ability of the government to pay and they also offer a convenient method by which a rich European banking syndicate can at any time drain the gold from the Treasury by obtaining greenbacks in the open market and presenting them for payment on demand at the subtreasuries of the United States.

3. The lack of a good credit machinery for the agricultural communities of the country. This last is one of the most important defects of the system and bears heavily upon the farmers, the merchants and all who do business throughout the South and West. Take a town in Missouri. We will call it Brownstown. It has 2,000 inhabitants and is in the midst of a farming district where nothing but corn is raised. Its only banking institution is a private bank. It cannot have a national bank because no national bank can be organized under the present law with less than $50,000 capital. If anybody should put $50,000 into a bank at Brownstown it would lie idle eight months in the year and he would lose money. The private bank there has a capital of $25,000. In order to keep his capital employed steadily, the banker loans most of it to the merchants of the town. In November the corn crop begins to come in and the grain dealer of Brownstown finds it necessary to use about $25,000 in buying and shipping corn. Corn is worth 30 cents in Chicago. Freight rates from Brownstown to Chicago amount to say 2 cents per bushel. The dealer seeks to make a profit of 1 cent per bushel. The price of corn at Brownstown therefore ought to be 27 cents per bushel, but it is not. When the dealer has bought his first carload of corn he goes to the banker with his bill of lading and puts it up as collateral upon which to borrow enough money to buy another carload. If he should present the same collateral to a bank in New York he could borrow the money at 5 per cent. But the Brownstown banker, not having a sufficient supply of money on hand and not being able to issue notes that will serve as currency, must send to New York and borrow the money. If he were in New York and his credit as well known there as at home, he could borrow this money at 4 per cent., but he is off at a distance, and in order to cover the additional risk, the New York banker that loans him the money charges him 5 per cent. Then he must pay the express charges on the shipment of currency heavy enough to cover insurance upon it while it is in shipment. By the time the banker gets the money it costs him 7 per cent. He loans it to the dealer in corn at 8 per cent. and gets 1 per cent. profit out of it. The dealer in corn then, instead of being able to buy corn at 27 cents, must deduct enough to cover the high rate of interest that he pays the banker, and can therefore only offer 25 cents. As a matter of fact, however, the banker and dealer both charge more for the amount of trouble and red tape they have been compelled to go through and the result is that corn brings only 23 or 24 cents at Brownstown where it ought to command 27 cents. To the farmer with several hundred bushels of corn to sell, this means a heavy loss. If the banker at Brownstown were able to organize a national bank with $25,000 capital, upon some such plan as recommended by the Monetary Commission, when the demand for the movement of the corn crop came along he could issue his own bank notes to a sufficient amount to cover the cost of moving the crop. He could afford to loan it to the dealer at 4 or 5 per cent. and the dealer could afford to pay 27 cents per bushel for corn. After the necessity for the movement of the crop had passed, this issue of notes would come back to the bank for redemption and the banker could go ahead employing his $25,000 capital while this crop movement was going on, without loss or disturbance.

XI. THE POSITION OF THE REPUBLICAN PARTY.

The Republican party has undertaken, in good faith, to correct the evils of our currency system. It endeavored in good faith to bring about international bimetallism, which it was thought might stop the decline in the price of silver and restore something of its value in the markets of the world. The other more civilized nations of the world have flatly declined to join in any such movement. The hope of raising the value of silver by this means to its old ratio with gold must therefore be abandoned. Under these conditions the first duty of the Republican party is to maintain national credit and honor by maintaining the gold standard and by declaring in terms that the United States will pay its obligations in the best money of the world and that every dollar of its currency will be as good as any other dollar, and that means as good as gold.

President McKinley, Lyman J. Gage, the Secretary of the Treasury, and the Non-Partisan Monetary Commission have all made recommendations to Congress for measures that will maintain the gold standard and so unify and fortify our currency system that it will be simple and strong to resist attack in time of commercial distress, while at the same time causing a more equitable distribution of capital throughout the country and providing a more convenient and less expensive credit machinery.

XII. THE FREE SILVER AGITATION.

The only sources of strength of the agitation for free silver are these:

1. The desire of some men to be able to pay off their present debts and the debts of the government in a cheaper currency. This need not be discussed. It simply means repudiation and dishonor and no American citizen who loves his country will favor dragging her name in the dust.

2. The second and by far the greater source of strength in this movement lies in the widespread demand for more currency in the agricultural communities. This demand comes from a real grievance and is just and reasonable, but the effect of a depreciated cur-

rency would be exactly opposite to what these honest advocates of free silver believe. Instead of helping their credit, it would harm it. Instead of giving them more money, it would drive out of circulation all the forms of credit money based upon gold and thus very greatly contract the volume of money in the country and make money scarcer with them than ever. Even if it would produce no such effect as this, the volume of currency added by the free coinage of silver would be but a drop in the bucket as compared with the relief to these communities that would be afforded by such a banking system as has here been described.

END OF
TITLE